

State of California

Franchise Tax Board-Legislative Services Bureau
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Legislative Change No.

05-12

Bill Number: SB 555 Author: Machado Chapter Number: 05-264

Laws Affecting Franchise Tax Board: Revenue and Taxation Code Sections 18633.5 and 24348.5.

Date Filed with the Secretary of the State: September 22, 2005

SUBJECT: Limited Liability Company Double Withholding/Repeal Section 24348.5/Bids on Foreclosure by Savings and Loan Association/Gains or Losses

This notice addresses only the provisions of the act affecting Franchise Tax Board (FTB). This act is an omnibus technical corrections act containing changes to property taxation, administered by the State Board of Equalization and the State Controller's Office, in addition to the provisions discussed in this notice.

Senate Bill 555 (Machado), as enacted on September 22, 2005, made the following changes to California law:

Section 18633.5 of the Revenue and Taxation Code is amended.

This act would coordinate the tax payment and withholding requirements applicable to nonresident members of certain limited liability companies (LLCs) by providing FTB with the tools to eliminate duplicate withholding.

Section 24348.5 of the Revenue and Taxation Code is repealed.

This act repeals an obsolete provision relating to savings and loan associations. AB 2065 (Stats. 2002, Ch. 488) conformed California law to federal bad debt deduction rules for savings and loan associations, thereby making this section obsolete.

This act is effective and operative on January 1, 2006. By its own terms, the provision allowing the coordination of LLC tax payments and withholding requirements would be operative for taxable years beginning on or after January 1, 2005.

This act will not require any reports by the department to the Legislature.

Bureau Director

Jana Howard for Brian Putler

Date

09/2905